GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

J.B. Johnson Nursing Center

Independent Auditors' Report and Report on Internal Control Over Financial Reporting for the Period October 1, 2010, to December 13, 2010

CHARLES J. WILLOUGHBY
INSPECTOR GENERAL

OIG No. 12-1-07BY **March 2, 2012**

Inspector General

March 2, 2012

The Honorable Vincent C. Gray
Mayor
District of Columbia
Mayor's Correspondence Unit, Suite 316
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

The Honorable Kwame R. Brown
Chairman
Council of the District of Columbia
John A. Wilson Building, Suite 504
1350 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

Dear Mayor Gray and Chairman Brown:

In connection with the audit of the District of Columbia's (the District) general purpose financial statements for fiscal year (FY) 2011, KPMG LLP (KPMG) submitted the enclosed final report on the J.B. Johnson Nursing Center (the Center), comprised of the following: (1) independent auditors' report; and (2) report on internal control over financial reporting (OIG Report No. 12-1-07BY).

The Center was operated on behalf of the District by VMT Long Term Care Management, Inc. (VMT) under a management contract for a period of several years up to and including the period audited. As of December 13, 2010, the District dissolved its involvement with the Center, and leased the facility to VMT.

KPMG opined that the financial statements present fairly, in all material respects, the financial position of the Center as of December 13, 2010, and the results of its operations and its cash flows for the period then ended in conformity with U.S. generally accepted accounting principles.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis. This report did not identify any deficiencies in internal control over financial reporting and compliance considered to be material weaknesses as identified above. However, KPMG identified a deficiency in internal control over financial reporting considered to be a significant deficiency which is described in Appendix A. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness. Finally, tests performed of compliance disclosed no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

If you have questions or need additional information, please contact Ronald W. King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charles J. Willoughby
Inspector General

Enclosure

CJW/ws

cc: See Distribution List

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KPMG

J.B. Johnson Nursing Center

Financial Statements

Period from October 1, 2010 to December 13, 2010

J.B. Johnson Nursing Center
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Period from October 1, 2010 to December 13, 2010

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

The Mayor and the Council of the Government of the District of Columbia

We have audited the accompanying balance sheet of the J.B. Johnson Nursing Center (the Center), a fund within the District of Columbia Office on Aging, an agency of the Government of the District of Columbia (the District), as of December 13, 2010, and the related statements of revenue, expenses, and changes in net assets, and cash flows for the period from October 1, 2010 to December 13, 2010. The financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only J.B. Johnson Nursing Center and do not purport to, and do not, present fairly the financial position of the Government of the District of Columbia as of December 13, 2010, and the changes in its financial position, and its cash flows for the period then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of J.B. Johnson Nursing Center as of December 13, 2010, and the results of its operations and its cash flows for the period then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 4, the Center was operated on behalf of the District by VMT Long Term Care Management, Inc. (VMT) under a management contract for a period of several years up to and including the period from October 1, 2010 to December 13, 2010. As of December 13, 2010, the District dissolved its involvement with the Center, and leased the facility to VMT.

The Center has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2012 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP

February 1, 2012

J.B. JOHNSON NURSING CENTER

STATEMENTS OF NET ASSETS

PERIOD ENDED DECEMBER 13, 2010

		12/13/2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	3,037,341
Patient accounts receivable, net		1,835,612
Investments		288,063
Prepaid expenses		168,829
Total current assets		5,329,845
PROPERTY AND EQUIPMENT		
Building improvements		11,832,045
Furniture and equipment		1,963,113
Vehicle		49,107
		13,844,265
Less accumulated depreciation		9,297,808
Property and equipment - net		4,546,457
OTHER ASSETS		
Deposits		6,423
TOTAL ASSETS	$	9,882,725
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	142,838
Accrued expenses		603,506
Total current liabilities		746,344
NET ASSETS		
Invested in capital assets		4,546,437
Unrestricted		4,589,944
Total net assets		9,136,381
TOTAL LIABILITIES AND NET ASSETS	$	9,882,725

The accompanying notes are an integral part of the financial statements.

J.B. JOHNSON NURSING CENTER
STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE PERIOD FROM OCTOBER 1, 2010 TO DECEMBER 13, 2010

	12/13/2010
REVENUE AND OTHER SUPPORT	
Net patient service revenue	$ 4,135,137
Other income	11,375
Total revenue and other support	4,146,512
EXPENSES	
Nursing services	1,737,756
Recreational services	80,806
Residential services	56,725
Dietary services	316,804
Pharmacy services	55,334
Medical services	11,431
Laundry services	72,382
Supplies	346,873
Utilities	133,333
Plant and building operations	395,940
General and administrative	454,054
District of Columbia provider tax	304,875
Bad debts	506,756
Depreciation	82,181
Total expenses	4,555,250
Operating loss	(408,738)
NONOPERATING REVENUE	
Interest income	1,543
CHANGE IN NET ASSETS	(407,195)
NET ASSETS - BEGINNING OF YEAR	9,543,576
NET ASSETS - END OF YEAR	$ 9,136,381

The accompanying notes are an integral part of the financial statements.

J.B. JOHNSON NURSING CENTER

STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM OCTOBER 1, 2010 TO DECEMBER 13, 2010

	12/13/2010
CASH FLOWS FROM OPERATING ACTIVITIES	
Patient service revenue	$ 4,547,422
Other income	11,375
Nursing services	(1,823,327)
Recreational services	(91,958)
Residential services	(64,719)
Dietary services	(361,585)
Pharmacy services	(58,357)
Medical services	(12,055)
Laundry services	(82,497)
Supplies	(366,455)
Utilities	(143,320)
Plant and building operations	(447,856)
General and administrative	(751,366)
NET CASH PROVIDED BY OPERATING ACTIVITIES	355,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property and equipment	(380,220)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(380,220)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	22
Interest income	1,543
NET CASH USED IN INVESTING ACTIVITIES	1,565

The accompanying notes are an integral part of these financial statements.

J.B. JOHNSON NURSING CENTER
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE PERIOD FROM OCTOBER 1, 2010 TO DECEMBER 13, 2010

	12/13/2010
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (23,353)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,060,694
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,037,341
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (408,738)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	82,181
Provision for bad debts	506,756
(Increase) decrease in assets	
Patient accounts receivable	412,285
Prepaid expenses	77,965
Deposits	(2,703)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(312,444)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 355,302

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

J.B. Johnson Nursing Center (the Center) is an unincorporated nursing home in Washington, D.C. owned and operated on behalf of the District of Columbia Office on Aging (DCOA), an agency of the government of the District of Columbia. For the period from October 1, 2010 to December 13, 2010, there were 230 beds in service. The Center was operated by VMT Long-Term Care Management, Inc. (VMT) under a management contract (**NOTE 5**) until December 13, 2010. Effective December 14, 2010, VMT began operating the Center as a private enterprise in conjunction with the signing of a 20 year lease with the District of Columbia.

The financial statements reflect only the accounts and transactions of the Center and do not reflect the financial position, results of operations and cash flows of the District of Columbia Office on Aging or the Government of the District of Columbia.

Generally Accepted Accounting Principles

The Center has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis*. Under GASB Statement No. 34, net assets should be reported as restricted when constraints placed on net asset use are either: externally imposed by creditors such as debt covenants, grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures / expenses are recognized in the accounts and reported in the financial statements. Thus, the accounting and financial reporting treatment applied to a fund or activity is determined by its measurement focus.

The accompanying financial statements are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. J.B. Johnson Nursing Center has also chosen to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less. The Center routinely invests its surplus operating funds in money market funds and certificate of deposits. These funds generally invest in highly liquid U.S. government and agency obligations.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of $500 are capitalized. Property and equipment acquisitions are recorded at cost. Depreciation is recorded over the estimated useful life of each class of depreciable assets and is computed using the straight-line method.

Net Patient Service Revenue

The majority of the residents served by the Center are residents of the District of Columbia. The Center has agreements with Medicaid, Medicare and third-party payors that provide for payments to the Center at amounts different from its established rate. Net patient service revenue is reported at the estimated net realizable amounts due from resident and third-party payors. Approximately, 74% of patient service revenue is from Medicaid and 18% of patient service revenue is from Medicare for the period ending December 13, 2010.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Account Receivable

An allowance for doubtful accounts is provided based on a review of the receivables and the Center's prior history. The allowance for doubtful accounts is $667,572 at December 13, 2010.

In October 2010, the District of Columbia retroactively implemented a pricing logic change for Medicare crossover claims which eliminated reimbursement for nearly all crossover claims. Previously, Medicaid would reimburse the Center for the 20% Medicare co-pays for nursing home residents with both Medicare and Medicaid benefits. The Center has added these claims to the allowance for doubtful accounts since the new pricing logic rendered the claims uncollectible.

The mix of receivables from third-party payors and private payors as of December 13, 2010 is:

	12/13/2010
District of Columbia Medicaid Program	59%
Private	9%
Medicare	32%

Income Tax

No provision or benefit for income taxes has been included in these financial statements since J.B. Johnson Nursing Center was operated and owned by the D.C. government during the period from October 1, 2010 to December 13, 2010.

Equity Classifications

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by 1.) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2.) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of total deposits and investments was $3,325,404, and the bank balance was $3,986,905 at December 13, 2010. The carrying amount and the bank balance for total investments was $288,063 at December 13, 2010.

	December 13, 2010 Cost	December 13, 2010 Carrying Amounts	December 13, 2010 Bank Balance
Deposits			
Insured – Federal Deposit Insurance Corporation	$ 2,127,143	$ 2,127,143	$ 2,790,644
Certificates of deposit – less than 3 months			
Money funds cash portfolio Class A	908,198	908,198	908,198
Petty cash	2,000	2,000	-
Total deposits	3,037,341	3,037,341	3,698,842
Investments			
Certificates of deposit	288,000	288,063	288,063
Total deposits and investments	$ 3,325,341	$ 3,325,404	$ 3,986,905

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Center's deposits may not be returned to it. The certificates of deposit and bank balances above $250,000 are uninsured and uncollateralized and therefore exposed to custodial credit risk.

NOTE 3 FUNCTIONAL EXPENSES

The functional classification of expenses for the period ended December 13, 2010:

	12/13/2010
General and administrative, and other	$ 1,347,866
Patient care services	3,207,384
	$ 4,555,250

NOTE 4 COMMITMENTS AND CONTINGENCIES

Management Agreement

In September 2010, after an open procurement process, the District chose VMT to lease the Center on a long-term basis beginning December 14, 2010. Up until December 13, 2010, DCOA had contracted the management of the Center to VMT Long-Term Care Management, Inc. (VMT). The contract was a fixed fee arrangement, paid to VMT on a monthly basis. The original agreement between DCOA and VMT expired on October 20, 2010. During the lease negotiation period, the VMT management agreement was extended for an additional period through December 13, 2010. For the period ending December 13, 2010, management fees to VMT were $190,900.

Patient Funds

The Center acts in an agency capacity for patient funds which are held by the bank in the name of the individual and are used for their personal expenditures. The total amount of patient funds held at December 13, 2010, was $196,973.

Long-Term Care Providers

The Center is subject to the usual business impact of factors generally affecting providers of health care services, such as possible future wage and price controls, Federal and State funding of Medicaid and Medicare programs, and future legislation and regulations affecting long-term care providers.

Laws and regulations governing Medicaid and Medicare programs are complex and subject to interpretation. The Center believes that it is in compliance with all applicable laws and regulations governing the Medicare and Medicaid programs and it is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

NOTE 5 SUBSEQUENT EVENTS

Subsequent to December 13, 2010, the District of Columbia Department of Healthcare Finance, the District of Columbia's state Medicaid agency, issued an interim settlement payment of $8,036,644 related to the 2007 Medicaid rate rebasing process. This payment was received by the Center on July 1, 2011 as an interim rebasing settlement for the period October 1, 2008 through May 31, 2011. The date span related to the interim settlement covers periods when the Center was under both District and VMT management. A study of the payment conducted by a contractor consultant indicates that $5.7 million belongs to the District, and $2.3 million belongs to VMT. The consultant's study also indicated that the $8 million contains an estimated overpayment of $1.3 million. Since the payment represents an interim settlement, it is subject to modification pending the results of appeals from the rebasing process. VMT is holding the $8 million payment in a separate investment account until transfer to the DC Treasurer occurs. Management has not recorded a receivable in the financial statements due to uncertainty surrounding the amount.

Subsequent to December 13, 2010, the Center closed its Morgan Stanley Smith Barney investment account and transferred the balance of $1.2 million to the DC Treasurer. VMT and the District have agreed to an additional settlement of $1.7 million from the liquidation of an Industrial Bank account. The District and VMT are continuing to negotiate the details of the settlement, and so the amount represents the best estimate of management as of February 1, 2012.

Management has evaluated subsequent events through February 1, 2012, the issuance date of the financial statements.

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Mayor and the Council of the Government of the District of Columbia

We have audited the financial statements of the J. B. Johnson Nursing Center (the Center), a fund within the District of Columbia Office on Aging, which is an agency of the government of the District of Columbia (the District), as of December 13, 2011, and for the period then ended, and have issued our report thereon dated February 1, 2012. Our report describes that the Center's financial statements do not purport to, and do not, present fairly the financial statements of the government of the District of Columbia. Our report also describes that the District dissolved its involvement with the Center on December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Center is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and that is described in Appendix A. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

KPMG

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's response to the finding identified in our audit is described in Appendix A. We did not audit the Center's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Center's management, the Mayor and Council of the Government of the District of Columbia, the Inspector General of the District of Columbia, and others within the District, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 1, 2012

<u>Appendix A – Significant Deficiency in Internal Control Over Financial Reporting</u>

Finding 2011-01: Inadequate controls over the journal entry process

Condition:
During testwork over the design and implementation of financial reporting controls, we determined that JB Johnson's Management (VMT Long Term Care Management) does not have supervisory review and separation of duties controls in place over the journal entry process.

Criteria:
Government Auditing Standards (Yellow Book), Appendix 1, section A1.08 d., states that management at a State and Local government entity is responsible for *"establishing and maintaining effective internal control to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly recorded."*

Cause:
JB Johnson management does not have policies and procedures in place to review manual journal entries prior to entry in the financial system. Further, the financial system does not require an approval prior to posting. One accountant can prepare and record a journal entry.

Effect:
Since journal entries are the basis for recording financial information in the general ledger, failure to maintain adequate controls over the journal entry process could result in misstatements in the financial statements.

Recommendation:
We recommend that management implement supervisory review and separation of duties controls over the journal entry process.

Management Response:
While we do agree that the accounting system will allow an accountant to enter and post a journal entry, we do not believe this is reason to believe a misstatement of the financial statements can or will occur.

The Finance Director does prepare and enter a small number of standard, accrual, reversing and adjusting entries on a monthly basis. Some of these entries are prepared by the finance staff and entered by the Finance Director. The VMT Chief Financial Officer (CFO) reviews these monthly journal entries remotely as part of the monthly financial statement review process. Any entries large enough to cause a misstatement of monthly or annual financial statements would be caught and corrected through the monthly review process and annual audit.

The facility uses an integrated nursing home information system and the majority of the economic activity of JB Johnson is recorded in sub systems (payroll, accounts payable, revenue, billing and accounts receivable). The activity in these sub systems is generated by accounting staff that are supervised by the Finance Director. The activity of these sub systems is electronically interfaced into the general ledger.

While we strive to segregate duties, the small number of staff makes it difficult to do in all cases. The JB Johnson Nursing Center has a small Accounting department comprised of: Finance Director, Assistant Finance Director, Payroll/Accounts Payable Accountant, Accounts Receivable/Revenue Accountant and Accounts Receivable Assistant.

The CFO provided direct oversight of the financial functions and financial reporting at JB Johnson. In addition to the Chief Financial Officer, monthly financial statements were reviewed by the nursing home Administrator, VMT CEO and also the contract COTR from the DC Office on Aging.

This model of financial reporting has not caused any issues in the 15 years that VMT Long Term Care Management has managed the JB Johnson Nursing Center. While we recognize the concern, we do not believe this is a significant deficiency in our financial reporting system.